GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5186
ANSWERED ON:29.04.2005
SETTING UP OF POWER PROJECTS
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Will the Minister of POWER be pleased to state:

(a) whether Union Power Ministry in order to avoid a repeat of now closed Dabhol Power Project has assumed a proactive role to ensure completion of nine new power projects coming up across the country;

(b) whether Ministry has decided to deal directly with State Governments and other utilities to ensure things are on course;

(c) whether Ministry has roped in Central Electricity Authority for the purpose and is at present advising Nagarjuna Power Corporation Ltd. on inking its PPA with Karnataka Power Transmission Corporation; and

(d) if so, the other decisions taken by Ministry to deal with States?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) & (b): Post electricity act 2003, thermal generation has been delicensed and captive generation freely permitted. Open access in transmission and power trading have been permitted to facilitate inter-state sale and multi-buyer models. The project promoters have to however, tie up all necessary inputs and Power Purchase Agreements (PPAs) for sale of power to distribution utilities. Encouraged by the provisions of the Electricity Act, 2003, the Financial Institutions / banks have conveyed that there would be no dearth of funds for viable power projects implemented by promoters having credible backgrounds. However, Ministry of Power plays a protective role in facilitating financial closure of these projects through review meetings with the concerned Stake holders including state distribution utilities, project developers and financial institutions, etc. with the view to remove the bottlenecks in achieving financial closure. An Inter Institutional Group (IIG) comprising of senior representatives from the Financial Institutions and Ministry of Power has been constituted to specially focus on fast track power projects which could achieve early financial closure. 11 private power projects having a total capacity of about 4000 MW have since achieved financial closure and another 11 projects with a total capacity of 12,000 MW are being monitored by the IIG for facilitating early financial closure.

(c) & (d) : Wherever required, representatives from State Governments, CEA and other utilities are also invited for the IIG meetings in order to resolve outstanding issues. The 1015 MW Mangalore Thermal Power Project of M/s. Nagarjuna Power Corporation Ltd. (NPCL) is one of the projects presently being monitored by the IIG for early financial closure. Since finalisation of the Power Purchase Agreement was one of the outstanding issues holding up financial closure of the project, Ministry of Power has facilitated meetings between the stakeholders in the project including KPTCL and the Government of Karnataka for resolution of this and other outstanding issues.